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State may be out of cash in late April

The state's worsening revenue shortfall means the general fund will run out of cash it can legally spend earlier than the previous estimate of late May, State Treasurer Dean Martin said Thursday.

Martin said his office is fine-tuning its calculations and expects to project a new no-cash date by next week.

But he said the increased size of the current fiscal year's estimated shortfall - raised to \$1.2 billion currently from \$970 million most recently - likely moves up the date when there's no cash in the general fund to early May or even late April.

That adds to pressure on legislative leaders who have yet to hammer out a budget compromise after two months of closed-door talks. Gov. Janet Napolitano joined the talks this week.

Martin said that the state still would have money in other accounts but that legislative authorization would be needed to spend those dollars to pay the regular expenses of state government.

"The statutes never contemplate a scenario where the appropriations don't match the revenue," he said.

One possible source of cash would be the state Budget Stabilization Fund, a reserve now holding approximately \$700 million.

Tapping that \$700 million rainy day fund could get the state "a few more weeks down the road," Martin said.

Tax collections have been hammered by the poor economy, especially in housing and consumer spending, and Martin said he saw dramatic drops in the state's cash on hand in January and February.

"These are the months that we're normally accumulating cash. It's not happening," he said.

Paul Davenport Associated Press